



FOR IMMEDIATE RELEASE

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<p>PRESS RELEASE</p>

SANDERS CONGRATULATES COUNCIL ON PENSION FUNDING VOTE

City Council Approves \$100 Pension Funding Plan

San Diego -- Moments ago, the City Council voted to approve Mayor Sanders' proposal to infuse the City's Pension System with \$100 million by the end of this fiscal year. "This is a tremendous achievement and the City Council is to be congratulated for their leadership in helping to solve the City's problems," commented the Mayor.

Under Sanders' proposal, the City will begin leveraging a portion of the employees' contribution to the Pension System. Not unlike a home or car loan, the transaction will need to be secured. The Mayor is proposing that the City secure this transaction with the revenue stream the City receives under the Master Settlement Agreement with the tobacco companies. The City would not be using the tobacco money to pay for the yearly debt payments; the City is merely using it to secure the transaction.

Because this transaction is tied to the tobacco settlement revenues, there are no risks for the General Fund. Unlike other bond transactions, the bond holders assume the risk in this transaction. If for any reason the tobacco money were to go away, it's the bond holders - and not the General Fund - that assume the risk.

"I think this transaction is critical. It allows us to satisfy a contractual commitment to our employees while lowering our overall obligation to the Pension System. Again, the City Council is to be congratulated for their leadership in making both happen," the Mayor said.

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